

Message Text

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PAGE 01 QUITO 07655 162305Z

21

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TO SECSTATE WASHDC 7633

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 7655

E.O. 11652: GDS

TAGS: ELAB, EC

SUBJECT: SETTLEMENT OF WACKENHUT CORPORATION STRIKE

REF: MEMCONS OF SEPT. 24 AND OCT. 6

BREWSTER/KING LETTER OF OCT. 6

1. SUMMARY: THE STRIKE AGAINST THE GUAYAQUIL OFFICE OF THE US-OWNED WACKENHUT CORPORATION, WHICH HAD BEGUN AUG. 12, ENDED OCT. 10 IN A COMPROMISE SETTLEMENT IN WHICH THE COMPANY AGREED TO A SMALL WAGE INCREASE AND PAYMENT FOR A PORTION OF THE TIME LOST TO THE STRIKE. WACKENHUT'S LOCAL MANAGER TOLD LABOFF OCT. 14 THAT LABOR MINISTRY OFFICIALS HAD TOLD HIM EXTRAOFFICIALLY THAT THE FINAL APPEAL WOULD BE AGAINST THE COMPANY AND THAT HE WOULD HAVE TO SETTLE IMMEDIATELY TO AVOID HAVING TO PAY SALARIES FOR THE ENTIRE DURATION OF THE STRIKE. THE MINISTRY OF LABOR THEREBY HAS SUCCESSFULLY AVOIDED HAVING TO FIND AGAINST EITHER PARTY. END SUMMARY

2. THE GUAYAQUIL STRIKE AGAINST THE US-OWNED WACKENHUT CORPORATION ENDED IN A COMPROMISE SETTLEMENT OCTOBER 10. COMPANY EMPLOYEES, DEMANDING INCREASED WAGES, THE DISMISSAL OF COMPANY SUPERVISORY PERSONNEL AND FOOD ALLOWANCES, BEGAN THEIR ACTION AGAINST THE GUAYAQUIL OFFICE OF THE SECURITY SERVICES FIRM ON AUG. 12, BY OCCUPYING COMPANY OFFICES. OFFICIALS OF THE COMPANY WERE IN COMMUNICATION
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PAGE 02 QUITO 07655 162305Z

WITH EMBASSY OFFICIALS ABOUT THE STRIKE FROM ITS BEGIN-

NING, AND INFORMAL APPROACHES WERE MADE BY THE EMBASSY TO THE MINISTRY OF LABOR ON WACKENHUT'S BEHALF.

3. A LABOR INSPECTOR CALLED TO THE SCENE SHORTLY AFTER THE STRIKE BEGAN, DECLARED THE STRIKE ILLEGAL AS DID THE FIRST LABOR APPEALS TRIBUNAL. THE COMPANY, THROUGH CONTACTS IN THE MINISTRY OF LABOR, HAD ATTEMPTED UNSUCCESSFULLY TO GET OFFICIAL ACTION TO EXPEL THE STRIKERS FOLLOWING THE FIRST APPEAL DECISION. FOLLOWING THEIR FAILURE THE COMPANY DECIDED TO AWAIT THE FINAL AND DEFINITIVE APPEALS DECISION. MEANWHILE, WACKENHUT'S GUAYAQUIL OFFICE REMAINED OCCUPIED AND THE COMPANY SERVICED ITS CONTRACTS FROM A TEMPORARY SITE.

4. WACKENHUT'S LOCAL MANAGER, MAJ. (RET.) MARCO NARDI, INFORMED LABOFF OCT. 14 THAT THE COMPANY AND UNION HAD REACHED A COMPROMISE OCT. 10. NARDI SAID THAT THE COMPANY HAD DECIDED NOT TO AWAIT THE FINAL APPEAL DECISION BECAUSE THEY HAD BEEN INFORMED EXTRAOFFICIALLY BY LABOR MINISTRY OFFICIALS THAT THE FINAL RULING WOULD OVERTURN THE ORIGINAL RULING AND INSTEAD FIND IN FAVOR OF THE WORKERS. HE WAS ALSO TOLD THAT THE RESULT WOULD NOT BE FORTHCOMING UNTIL THE END OF NOVEMBER. IF THE STRIKE WERE DECLARED LEGAL BY THE FINAL APPEALS TRIBUNAL, THE COMPANY WOULD THEN BE REQUIRED TO PAY FULL WAGES TO THE STRIKERS FROM THE BEGINNING OF THE DISPUTE TO THE DATE OF THE APPEAL DECISION. NARDI, FEELING THAT THERE WAS NO POSSIBLE WAY THE COMPANY COULD WIN, SETTLED. THE AGREEMENT BETWEEN WACKENHUT AND ITS UNION CALLS FOR A SMALL (EQUIVALENT \$.10 US DAILY) BUT SYMBOLIC WAGE INCREASE, 30 PERCENT WAGE PAYMENT FOR THE TIME OF THE STRIKE, AND SPECIAL PAYMENT TO A SMALL GROUP OF EMPLOYEES FOR PART OVERTIME.

5. NARDI SAID THAT THE SETTLEMENT HAS COST WACKENHUT OVER 300,000 SUCRES (APPROX. \$12,000 US) AND WILL PUT THE COMPANY IN A LOSS POSITION FOR ITS GUAYAQUIL OPERATIONS.

6. COMMENT: EARLY IN THE APPEALS PROCESS NARDI TOLD LABOFF THAT MINISTRY OF LABOR OFFICIALS HAD TOLD HIM CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 07655 162305Z

THEY WANTED THE DISPUTE SETTLED OUTSIDE THE APPEALS CHANNEL. BY TELLING HIM THAT THE COMPANY WOULD LOSE THE APPEAL BUT AT THE SAME TIME GUARANTEEING THAT THE COMPANY WOULD OWE GREATER BACK WAGES BY DEFERRING DECISION UNTIL NOV. 30 THE MINISTRY EFFECTIVELY FORCED A SETTLEMENT WITHOUT HAVING TO MAKE A FORMAL FINDING AGAINST EITHER THE COMPANY OR ITS WORKERS. THE MINISTRY'S ACTIONS DURING THE WHOLE PROCESS DEMONSTRATED A GREAT RELUCTANCE

TO ANTAGONIZE EITHER BUSINESS OR LABOR IN THE SETTLE-
MENT OF LABOR MANAGEMENT DISPUTES.
BREWSTER

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